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WYOMING WOOL GROWERS ASSOCIATION

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Farm Bill Listening Sessions

Position of the Wyoming Wool Growers Association – 2005

The sheep industry of the United States is comprised of 67,000 farm and ranch families producing lamb and wool in every state of the country. The industry provides half a billion dollars to the American economy and is a mainstay of many rural communities in which sheep grazing is the best use of grazing lands.

In Wyoming, the sheep industry continues to maintain approximately 1000 active lamb and wool producers, with annual farm gate receipts of nearly \$50 million. Based upon research conducted at Texas A&M University, very producing ewe contributes approximately \$600 to the American economy and 0.031 jobs. Base upon this statistic, the 500,000 producing ewes remaining in Wyoming contribute nearly \$300 million to the U.S. economy, and over 15,000 jobs.

Sheep producers have been aggressive and creative in their approach to national initiatives that strengthen the domestic industry. 2004 marked the first growth in U.S. sheep inventory since 1990. This improves competitiveness for all segments of the industry from lamb feeders to lamb meat companies, wool warehouses to wool mills, feed supplies, trucking firms and shearing companies.

The current Farm bill has in part assisted the industry in promoting this reversal of year on year decline in production and loss of sheep farms and ranches in the U.S. WWGA utilized the standing authority granted the Secretary of Agriculture for checkoff programs by implementing the American Lamb Research Information and Promotion program. It was approved in a national referendum held in February 2005 with 80 percent voting in favor. Additionally, the Wool Loan Deficiency program assisted in helping producers weather the crisis in the wool industry.

We request the Department to support re-authorization of the wool LDP and at a base loan rate of \$1.20 per pound in order to provide the full benefit of the program as intended. While nine loan rates are available, due to rates established, essentially all wool LDP applications are in one non-graded rate category. The research and industry testimony provided in 2002 supported a \$1.20 per pound base loan rate and authorization of the wool LDP at this rate should provide opportunity for all producers to participate in the program as intended.

The industry strongly supports re-authorization of the Wool LDP in the Farm bill for both the wool and unshorn pelt provisions. Industry research by FAPRI and testimony by the American Sheep Industry Association, documented a base loan rate of \$1.20 per pound. The legislation lowered the base to \$1.00 a pound with a cost share of \$20 million annually. The total payments for each of the 2002 through 2004 crop years is \$7.8 million, \$7 million and \$7.3 million respectively.

We ask the Department to support re-authorization of the National Sheep Industry Improvement Center.

As established in the 1996 Farm bill in the Rural Development program of USDA, the National Sheep Industry Improvement Center provides loans and grants to business ventures for financing programs which normal commercial credit or funds were not available. This program does not provide funds for individual producers nor purchase of sheep or land, but rather for projects to strengthen the sheep business in a larger view.

We strongly encourage the Department to consider support of a retained ewe lamb program in the next Farm bill. The growth of the U.S. sheep industry in 2004 can be credited in large part to the USDA retained ewe lamb program that was in effect for 2002 - 2004. The incentive payment to producers to keep ewe lambs in their breeding herd rather than sell them for slaughter encouraged producers to expand breeding herds and was successful particularly in 2004 as severe drought conditions finally lessened, allowing producers to increase sheep numbers.

Supplementary Information on Farm bill Topics:

U.S. wool prices received by producers reached a record low in the crisis years of 1999 - 2001 when many growers could not cover transportation costs to deliver wool due to market conditions. Devastation of the U.S. textile industry since the mid 1990's has presented critical marketing problems for American sheep producers and change continues as a constant yet today. World wool market weaker in 2005 than in 2004.

The Wool Loan Deficiency Program established in the 2002 Farm legislation was implemented for the 2002 wool clip. USDA worked very cooperatively with the industry in providing the program rules and procedures for the wool LDP in a manner that fit wool marketing and production. The program was designed to match the wide variety of wool production categories and corresponding markets for each category, therefore eight loan rates are available. As a feature to ensure all producers could participate in the program, particularly those growers with volumes of production too small to justify the cost of laboratory measurement of their wool, an ungraded (non-tested) loan rate was established. Loans have been issued but all to date have been paid off, rather than forfeited.

The National Sheep Industry Improvement Center should be re-authorized in the Farm Bill with the balance of the spending provided (\$21.5 million) under the \$50 million authorized in the 1996 legislation.

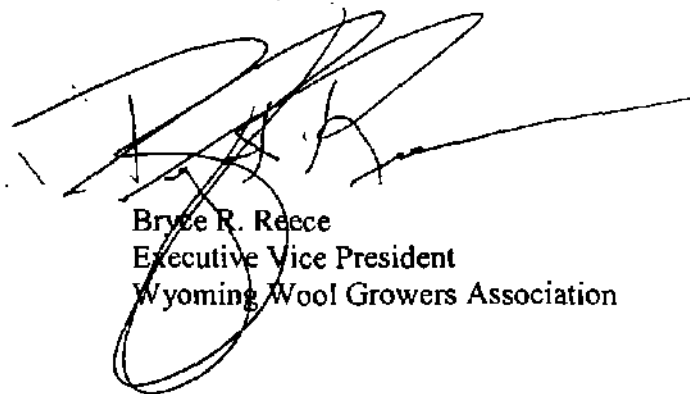
The industry established an American Lamb Research, Information and Promotion program in 2002, entirely financed by producers, feeders and first handlers (slaughter companies and exporters). This program has all three facets of the business paying assessments and voting on expenditures.

Our national association, the American Sheep Industry Association, launched a wool production, information and marketing program for American wool at the beginning of 2001. Our national initiatives have improved competition for American wools dramatically. International marketing programs have exposed U.S. wools to the world and exports have grown rapidly to over 60 percent of our production today. We now sell into eight or more international markets. The Quality Samples Program, Foreign Market Development and Market Access Program are all key to the success of recent growth in exporting of American wool. **The industry joins with numerous agricultural cooperators in supporting re-authorization of the USDA Foreign Agricultural Services programs to enhance competitive prices for American wool growers.** There is very strong support in the sheep industry for inclusion of the Retained Ewe Lamb program in the Farm Bill. This program was authorized by the Secretary of Agriculture utilizing section 32 funds in 2002 – 2004 as part of the Department's initiatives to meet the Executive order issued in July 1999 to strengthen the competitiveness of the U.S. sheep industry. The \$14.8 million expended for 2004 program applications will yield increased lamb meat production this year allowing the U.S. to better compete with lamb importers. The U.S. is just holding on to a majority share of lamb consumption in the United States and with aggressive marketing support from the American Lamb Board and continuance of herd building, the sheep industry can move forward progressively. We request every consideration that this program be authorized in the Farm Bill

Conservation programs of the Department enjoy solid participation by sheep producers. This area of the Farm bill remains an important consideration for the sheep industry and the Department.

As mentioned, recent years' drought conditions across the heart of sheep production from Montana and Dakotas through Texas are comparable only to droughts of the 1950's or 1930's in severity and impact on farms and ranches. 2005 appears brighter with moisture and feed conditions perhaps the best in five years. We can attest however that feed and livestock water conditions in eastern Montana and Wyoming and western South Dakota are tenuous. The Non Insured Acres Program (NAP) as authorized by Congress has truly been an effective program for farm and ranch families that have struggled with this drought. NAP has been tested under severe conditions and proved beneficial. We urge that this program remain a key part of the tools at USDA for combating drought in cooperation with the livestock industry.

Thank you for the opportunity to comment,



Bryce R. Reece
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Wyoming Wool Growers Association

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